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Vice President
Government & Community Affairs

April 8, 2009

PUBLIC UTILITIES
COMMISSION

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The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, 1st Floor
Honolulu, Hawaii 96813

Subject: Docket No. 2008-0273
Feed-In Tariffs Investigation
Revised Response to Information Request

Enclosed is Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company, Limited (collectively, the "HECO Companies") and the Division of Consumer Advocacy's revised response to PUC-IR-A. The original response was filed with the Commission on April 1, 2009.

In the response to question 3 under the Negotiated Power Purchase Agreement columns, the 2008 Maui PV number was inadvertently shown in the Hydro column.

Sincerely,

Enclosure

cc: Service List

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(Docket No. 2008-0273)

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PUC-IR-A

Ref: Procurement techniques

According to Page 4 of the Department of Business, Economic Development, and Tourism's Opening Statement:

"More importantly, the current bid process only applies to renewable resources with capacity of at least 5 MW (2.72 MW for MECO and HELCO), and there are no clear procurement rules required under the utility's current competitive bidding framework for the smaller renewable generators that are below this threshold size. Furthermore, the utility procurement of renewable generation that meets the capacity size thresholds without a utility-issued RFP will require a PUC-approved waiver from the competitive bidding framework, for which only the utility can apply or petition."

1. **Is this a reasonable assessment of HECO's procedures? If not, please explain why it is not.**
2. **What are the procurement rules and procedures for renewable energy projects that are not eligible for net metering but below 5 MW for HECO (and lower for MECO and HELCO)?**
3. **What was the total amount of capacity of renewables integrated into the HECO Companies' transmission system during 2006, 2007, and 2008 using each of the following: competitive bidding, negotiated power purchase agreements, and net metering? Please list such capacity additions for each island and for each renewable technology.**
4. **Please list all renewables projects that are planned or under construction in Hawaii and have been awarded contracts by the HECO Companies through either competitive or negotiated power purchase agreements. For each project, list if the project used competitive bidding or a negotiated power purchase agreement, the size in kW, the technology and the location**

Response:

1. DBEDT's statement is not a reasonable assessment of HECO's procedures. The Framework for Competitive Bidding, adopted by the Commission in Decision and Order No. 23121, issued December 8, 2006 in Docket No. 03-0372 ("Competitive Bidding Framework"), provides the basis for applicability to its Framework. For any resource to

which the Competitive Bidding Framework requirement does not apply (due to waiver or exemption), the utility retains its traditional obligation to offer to purchase capacity and/or energy from a qualifying facility (“QF”), as referred to in the Hawaii Administrative Rules Chapter 6-74, at or below avoided cost upon reasonable terms and conditions approved by the Commission. QF’s in Hawaii that have existing facilities also have existing PPA’s, and the utilities’ right and obligations with respect to those facilities are now governed by the PPA’s (at least until the PPA’s terminate).

Proposed facilities also may have rights under Public Utility Regulatory Policies Act of 1978, as amended (“PURPA”) and applicable rules, if (1) they meet the QF requirements, (2) the proposed facilities are sufficiently advanced and viable, and (3) their offers to sell power to the utility is sufficiently comprehensive, binding and reasonable – that is, if the utility incurs a “legally enforceable obligation” to purchase the power at its avoided cost.

Further, the utility may have an obligation to negotiate with the developer of the proposed facility before it incurs a “legally enforceable obligation” to purchase the power, but the point at which the obligation to negotiate occurs is generally a matter of State administrative law or practice, and a State commission may defer or relieve a utility of the obligation to negotiate as a result of a competitive bidding process.

As a practical matter, a utility’s “PURPA” obligation in such negotiations is to offer to purchase at avoided costs under reasonable terms and conditions.

2. See response to 1 above.

3. See chart below for requested information.

		Competitive bidding ¹ (kW)	Negotiated Power Purchase Agreements (kW)				Net Energy Metering (kW)			
			PV	Wind	Hydro	Total	PV	Wind	Hydro	Total
2006	Oahu	0				-	74			74
	Hawaii			10,560		10,560	298	2		300
	Maui			30,000	500	30,500	232			232
	Total		-	40,560	500	41,060	604	2		606
2007	Oahu	0				-	387			387
	Hawaii			7,000		7,000	263			263
	Maui					-	358			358
	Total		-	7,000	-	7,000	1,009			1,009
2008	Oahu	0				-	2,362	0.4		2,362
	Hawaii				50	50	713	20	49	782
	Maui		1,200			1,200	949	3.6		953
	Total		1,200	0	50	1,250	4,024	24	49	4,097

4. Renewable projects that are planned or under construction and have been awarded contracts by the HECO companies include: (i) 218kW Archer Sub Photovoltaic project on Oahu; (ii) 500kW Keahole Solar Power Concentrating Solar Power project on Hawaii; and (iii) a biomass-fired cogeneration project on the Big Island, for which a PPA was executed (subject to amendment based on the now completed IRS), but which is still

¹ The HECO renewable energy RFP anticipates submitting PPAs to the Commission for approval of approximately 100 MW of renewable energy projects by the end of 2009.

obtaining financing for the project. Of these two projects, Archer Sub PV was awarded a contract through a competitive procurement process, Keahole Solar Power was awarded a contract through a negotiated power purchase agreement, and the Tradewinds cogeneration project secured a contract through a process grandfathered from the Competitive Bidding Framework.